

**THE OFFICE OF REGULATORY STAFF  
SETTLEMENT TESTIMONY AND EXHIBITS  
OF**

**SHARON G. SCOTT**

**May 28, 2008**



**DOCKET NO. 2008-1-E**

**ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS  
CAROLINA POWER & LIGHT COMPANY  
d/b/a PROGRESS ENERGY CAROLINAS, INC.**

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**SETTLEMENT TESTIMONY OF**

**SHARON G. SCOTT**

**FOR**

**THE OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2008-1-E**

**IN RE: ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS**

**CAROLINA POWER & LIGHT COMPANY**

**d/b/a PROGRESS ENERGY CAROLINAS, INC.**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND  
OCCUPATION.**

**A.** My name is Sharon G. Scott. My business address is 1441 Main Street, Suite 300, Columbia, South Carolina, 29201. I am employed by the Office of Regulatory Staff ("ORS") in the Audit Department as an Audit Manager.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND  
EXPERIENCE.**

**A.** I received a B.S. Degree in Business Administration, with a major in Accounting from the University of South Carolina in May 1983 and a MBA degree from Webster University in May 2000. I began my employment as an auditor with the Public Service Commission of South Carolina (the "Commission" or "PSC") in July 1983 and during my employment I

1 participated in various cases involving the regulation of electric, gas,  
2 telephone, water and wastewater utilities. In January 2005, I began  
3 employment with the ORS.

4 **Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY IN**  
5 **THIS PROCEEDING?**

6 **A.** The purpose of my settlement testimony is to present the results of  
7 ORS Audit Staff's examination of the books and records pertaining to Carolina  
8 Power & Light Company d/b/a Progress Energy Carolinas, Inc.'s ("the  
9 Company" or "PEC") Fuel Adjustment Clause ("FAC") operation for the  
10 current review period of April 2007 through June 2008 (Docket No. 2008-1-E)  
11 and to set forth the adjustments agreed upon in the Settlement Agreement  
12 ("Settlement Agreement") between ORS, PEC, and Nucor Steel – South  
13 Carolina, (collectively referred to as the "Parties"). The findings and  
14 recommendations are set forth below and in the exhibits attached to this  
15 testimony.

16 **Q. DID THE NUMBER OF ACTUAL MONTHS' DATA CHANGE FOR**  
17 **THIS CURRENT REVIEW PERIOD?**

18 **A.** Yes. The Parties agreed to present eleven (11) actual months and four  
19 (4) estimated months of fuel data for this review period. Limiting the review  
20 to eleven (11) actual months will allow ORS and PEC to meet their respective  
21 filing deadlines. Each succeeding review period will consist of twelve (12)  
22 actual months and four (4) estimated months. For example, the next review

1 period will consist of actual data from March 2008 through February 2009 and  
2 estimated data from March 2009 to June 2009.

3 **Q. WHAT WAS THE PURPOSE OF THIS EXAMINATION?**

4 **A.** The purpose of the examination was to determine whether the  
5 Company's accounting practices in computing and applying the monthly Fuel  
6 Adjustment Clause have been in compliance with S.C. Code Ann. §58-27-865  
7 (Supp. 2007) to include variable environmental costs. To accomplish this task,  
8 ORS examined the components associated with the operation of the clause.

9 **Q. WHAT WAS THE SCOPE OF ORS'S EXAMINATION?**

10 **A.** ORS Audit Staff examined and traced the monthly fuel adjustment  
11 factor calculations and the fuel recovery balances recorded in the Company's  
12 books and records. The current fuel review covered the actual period April  
13 2007 through February 2008 and four (4) estimated months from March to June  
14 2008. ORS Audit Staff did not examine the months of March, April, May and  
15 June 2008 since these were Company estimated figures. The Audit  
16 Department's examination consisted of:

17 1. Analyzing the Fuel Stock Account – Account # 151

18 ORS's analysis of the Fuel Stock Account consisted of tracing receipts to the  
19 fuel management system and issues from the fuel management system to the  
20 general ledger, reviewing monthly fuel charges originating in fuel accounting,  
21 and ensuring that only proper charges were entered in the Company's  
22 computation of fuel costs for purposes of adjusting base rates for fuel cost.

1           2. Sampling Receipts to the Fuel Stock Account – Account # 151

2           ORS's review of the Fuel Stock Account consisted of examination and  
3           testing of transactions, on a sample basis, which support additions to the  
4           Account. Each transaction examined was tested for mathematical accuracy,  
5           and vouched to a corresponding waybill or truck bill, supplier invoice and  
6           freight invoice. Each transaction was then traced to a fuel management  
7           system payment voucher to prove payment of the correct amount to the  
8           vendors.

9           3. Verifying Charges to Nuclear Fuel Expense - Account # 518

10          ORS traced the expense amounts for nuclear fuel to the books and records  
11          for the period April 2007 through February 2008 to verify the accuracy of  
12          the expenses to fuel amortization schedules.

13          4. Verifying Purchased and Interchange Power Fuel Costs

14          ORS verified the Company's Purchased and Interchange Power Fuel Costs,  
15          MWH purchases and sales for the period from April 2007 through February  
16          2008 to summary "booking run" reports, individual vendor purchase  
17          schedules, and on a sample basis, to monthly invoices. ORS recomputed  
18          the Company's sales and purchases.

19          ORS revised Purchased Power figures for the period April 2007 through  
20          February 2008 and the resultant over/under-recovery monthly deferred fuel  
21          amounts for the period to reflect calculations which conform to S.C. Code  
22          Ann. §58-27-865. This statute addresses "fuel costs related to purchased  
23          power." Subsection (A)(2)(b) of this statute states that the total delivered

1 cost of economy purchases, including (but not limited to) transmission  
2 charges, are included in Purchased Power Costs if those purchases are "less  
3 than the purchasing utility's avoided variable costs for the generation of an  
4 equivalent quantity of electric power." After ORS applied this statute to  
5 the examined economic purchases along with the applicable avoided costs,  
6 ORS's adjustment to Purchased Power Costs, on a total system basis, was a  
7 reduction of (\$128,811), resulting in an over-recovery adjustment of  
8 \$24,621 on the S.C. retail jurisdictional basis.

9 5. Verifying kWh Sales

10 ORS verified total system kWh sales, as filed in the monthly fuel factor  
11 computation, for the months of April 2007 through February 2008. This  
12 monthly figure was then used to determine the fuel cost per kWh sold.

13 6. Recalculating the Fuel Adjustment Factors and Verifying the Deferred  
14 Fuel Costs

15 ORS recalculated the Fuel Cost Adjustment Factors for the months of April  
16 2007 through February 2008 utilizing information obtained from the  
17 Company's records. ORS verified the Total Fuel Costs for the months of  
18 April 2007 through February 2008 to the Company's books and records.  
19 In recalculating the monthly factors, ORS divided the Total Fuel Costs by  
20 Total System Sales to arrive at fuel costs per kWh sales. The base fuel cost  
21 per kWh, included in the base rates, is then subtracted from the fuel cost  
22 per kWh sales. The resulting figure represents the fuel cost adjustment  
23 above or below the base rate per kWh sales. The South Carolina Retail

1           Jurisdictional kWh deferrals were checked against the Company's records.  
2           The actual Deferred Fuel Costs for each month were verified to the  
3           Company's books and records.

4           7. Recalculating the True-up for the Over/Under-Recovered Fuel Costs

5           ORS analyzed and recomputed the cumulative under-recovery of actual  
6           fuel costs for the period April 2007 through February 2008 of  
7           (\$14,452,319) and estimated through June 2008 of (\$11,101,563). In  
8           addition, ORS recomputed the cumulative under-recovery of environmental  
9           fuel costs for the actual period April 2007 through February 2008 of  
10          (\$1,178,946) and estimated through June 2008 of (\$1,942,685).

11          8. Details of the Company's Received Fuel Coal Cost

12          ORS prepared settlement exhibits based upon information obtained from  
13          PEC's books and records and other sources reflecting coal costs during the  
14          review period. Specifically, these exhibits are as follows:

15          Settlement Audit Exhibit SGS-1: Coal Cost Statistics

16          Settlement Audit Exhibit SGS-2: Received Coal-Cost Per Ton (Per Plant)

17          Settlement Audit Exhibit SGS-3: Received Coal-Cost Per Ton Comparison

18 **Q. PLEASE EXPLAIN THE SETTLEMENT AUDIT EXHIBITS**  
19 **ATTACHED TO YOUR TESTIMONY.**

20 **A.**           ORS prepared settlement audit exhibits from the Company's books  
21           and records reflecting fuel costs during the review period. Specifically, these  
22           exhibits include the following:

1       **SETTLEMENT AUDIT EXHIBIT SGS-1: COAL COST STATISTICS**

2       In Settlement Audit Exhibit SGS-1, titled Coal Cost Statistics, ORS listed spot  
3       and contract coal received, separately and combined, for the period April 2007  
4       through February 2008. The comparison is made in the following five (5) areas:

5       (1) Tons Received

6       (2) Percentage of Total Tons Received

7       (3) Cost Per Tons Received

8       (4) Total Received Cost

9       (5) Cost Per MBTU

10       ORS has taken the combined total received cost for the eleven (11) months and  
11       divided this by the combined total tons for the eleven (11) months in arriving at a  
12       Weighted Average Cost per ton for the eleven (11)-month period.

13       **SETTLEMENT AUDIT EXHIBIT SGS-2: RECEIVED COAL-COST PER**  
14       **TON (PER PLANT)**

15       This settlement audit exhibit reflects the received cost per ton for coal at each of  
16       PEC's plants for the period from April 2007 through February 2008, in dollars  
17       per ton including freight costs.

18       **SETTLEMENT AUDIT EXHIBIT SGS-3: RECEIVED COAL-COST PER**  
19       **TON COMPARISON**

20       This settlement audit exhibit reflects the received cost per ton for coal for each  
21       month from April 2007 through February 2008 for PEC, Duke Energy Carolinas  
22       and South Carolina Electric & Gas Company. ORS has shown, for comparison



1 purposes, the invoice cost per ton, freight cost per ton, total cost per ton and the  
2 cost per MBTU.

3 **SETTLEMENT AUDIT EXHIBIT SGS-4: COAL FUEL STOCKS**

4 This settlement audit exhibit reflects PEC's coal inventory in terms of tons  
5 received, consumed, and on hand at the end of the month. The beginning and  
6 ending tons include coal receipts and coal receipts in-transit.

7 **SETTLEMENT AUDIT EXHIBIT SGS-5: TOTAL BURNED COST**  
8 **(FOSSIL AND NUCLEAR)**

9 This settlement audit exhibit reflects the per book cost of burned fuel used for  
10 generation for the period April 2007 through February 2008. The burned cost  
11 of each class of fuel is shown separately. Beginning May 3, 2007, SO<sub>2</sub>  
12 emission allowance expenses and other variable environmental costs are shown  
13 separately as described in §58-27-865 (A)(1) (Supp. 2007).

14 **SETTLEMENT AUDIT EXHIBIT SGS-6: SOUTH CAROLINA FUEL**  
15 **COST COMPUTATION**

16 Shown in this settlement audit exhibit are the actual fuel cost computations for  
17 April 2007 through February 2008 and the estimated fuel costs for March, April,  
18 May and June 2008. The exhibit also shows various adjustments and the  
19 computation of the Cumulative Over (Under) Recovery balances.

20 **SETTLEMENT AUDIT EXHIBIT SGS-7: EFFECT OF AVOIDED COST**  
21 **ADJUSTMENTS ON THE S.C. DEFERRED FUEL ENTRIES AND**  
22 **AVOIDED COST ADJUSTMENT**

1 This settlement audit exhibit, which consists of 3 pages, provides the details of  
2 ORS's calculations for the adjustments made to the Company's Purchased Power  
3 Costs, on a total system basis, for the review period of April 2007 through  
4 February 2008. ORS calculated avoided cost adjustments related to purchased  
5 power transactions, which totaled (\$128,811) in reductions, on a total system  
6 basis. The Avoided Costs adjustments for the S.C. retail jurisdictional Deferred  
7 Fuel Account resulted in an over-recovery adjustment of \$24,621.

8 **SETTLEMENT AUDIT EXHIBIT SGS-8: DETAILS OF**  
9 **ENVIRONMENTAL COSTS**

10 Shown in this settlement audit exhibit is the actual fuel cost computation for May  
11 2007 through February 2008 for sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>)  
12 emission allowances, ammonia/urea, limestone and the estimated variable  
13 environmental costs for March, April, May and June 2008.

14 **Q. WOULD YOU PLEASE EXPLAIN THE AMOUNT BROUGHT**  
15 **FORWARD FOR THE CUMULATIVE UNDER-RECOVERY**  
16 **BALANCE IN SETTLEMENT AUDIT EXHIBIT SGS-6?**

17 **A.** Yes. As reflected in Settlement Audit Exhibit SGS-6, ORS brought  
18 forward a cumulative under-recovery balance from March 2007 of  
19 (\$22,834,137). The Company's testimony reflects a balance brought forward  
20 from March 2007 of (\$22,926,469). {PSC Docket No. 2007-1-E -- Barkley  
21 Exhibit No. 5}. The difference in the balance of (\$92,332) reflects the

1 Company's posting of ORS's adjustments from the prior review period, Docket  
2 No. 2007-1-E, in April 2007 for \$41,263 and in June of 2007 for \$51,069.

3 **Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF**  
4 **THE TRUE-UP OF OVER/UNDER-RECOVERED FUEL COSTS.**

5 **A.** ORS Settlement Audit Exhibit SGS-6, entitled "South Carolina Fuel  
6 Cost Computation" provides details for ORS's cumulative actual under-  
7 recovery balance through February 2008, and the estimated balance through  
8 June 2008. The cumulative under-recovery amount totaled (\$14,452,319)  
9 through February 2008. ORS then added the estimated over-recovery of  
10 \$2,005,111 for March 2008, the estimated over-recovery of \$2,030,837 for  
11 April 2008, the estimated over-recovery of \$1,139,721 for May 2008 and the  
12 estimated under-recovery of (\$1,824,913) for June 2008 to arrive at a  
13 cumulative under-recovery of (\$11,101,563) through June 2008. The  
14 Company's prefiled testimony in this docket lists the cumulative under-  
15 recovery total through February 2008 as (\$14,482,150) (Barkley Exhibit No. 5)  
16 and through June 2008, the cumulative under-recovery totals (\$11,131,394)  
17 (Barkley Exhibit No. 7). The difference between the Company's and ORS's  
18 cumulative under recovery as of actual February 2008 is \$29,831. The  
19 differences are detailed on Settlement Audit Exhibit SGS-6 as Adjustment  
20 1(A) for \$5,210 and Adjustment 1(D) for \$24,621.  
21 Effective with the May 3, 2007 passage of the S.C. Base Load Review Act,  
22 S.C. Code Ann. §58-27-865 was amended to include as components of fuel

1 cost "(a) the cost of ammonia, lime, limestone, urea, dibasic acid, and catalysts  
2 consumed in reducing or treating emissions, and (b) the cost of emission  
3 allowances, as used, including allowance for SO<sub>2</sub>, NO<sub>x</sub>, mercury and  
4 particulates." Settlement Audit Exhibit SGS-8 provides the details needed to  
5 calculate the variable environmental costs to be included in the fuel factor. In  
6 addition, effective May 3, 2007, SO<sub>2</sub> emission allowances were included in the  
7 environmental cost factor of the FAC. Prior to that date, these costs had been  
8 included in the base fuel factor under the FAC.

9 ORS Settlement Audit Exhibit SGS-8, entitled "Details of Environmental  
10 Costs" provides data for ORS's cumulative environmental cost under-recovery  
11 balance through February 2008, and the estimated balance through June 2008.

12 The cumulative environmental cost under-recovery amount totaled  
13 (\$1,178,946) through February 2008. ORS then added the estimated under-  
14 recovery of (\$149,383) for March 2008, the estimated under-recovery of  
15 (\$177,348) for April 2008, the estimated under-recovery of (\$172,731) for May  
16 2008, and the estimated under-recovery of (\$264,277) for June 2008 to arrive  
17 at a cumulative under-recovery of (\$1,942,685) through June 2008. The  
18 Company's prefiled testimony in this docket lists the cumulative environmental  
19 cost under-recovery total through February 2008 as (\$1,184,913) (Barkley  
20 Exhibit No. 9) and through June 2008, the cumulative environmental cost  
21 under-recovery totals (\$1,940,071) (Barkley Exhibit No. 11). The difference  
22 between the Company's and the ORS's cumulative under recovery as of actual

1 February 2008 is \$5,967 (rounding difference of \$2). The difference is  
2 detailed in Settlement Audit Exhibit SGS-8 as Adjustment 1(E) for \$5,965. As  
3 stated in the Company's Adjustment for Fuel and Variable Environmental  
4 Costs Rider, these costs will be included in base rates to the extent determined  
5 reasonable and proper.

6 **Q. DID YOU NOTE ANY DIFFERENCES BETWEEN ORS'S AND THE**  
7 **COMPANY'S CALCULATIONS OF THE UNDER-COLLECTION FOR**  
8 **THE FUEL COMPONENT AND THE ENVIRONMENTAL**  
9 **COMPONENT?**

10 **A.** Yes. Based on ORS's examination of the actual months of the review  
11 period, ORS's computed adjustments as reflected in Settlement Audit Exhibit  
12 SGS-6 – South Carolina Fuel Cost Computation are as follows:

13 **Adjustment 1(A)** Based on the revisions to the FAC, which became effective  
14 May 3, 2007, SO<sub>2</sub> emission allowance expenses for the first two days of May,  
15 for this review period, should remain in the Base Fuel Cost calculations. The  
16 costs applicable for those two days were \$9,977 for fuel costs and \$20,793 for  
17 sales on a system basis. The effect on the cumulative balance of the Deferred  
18 Fuel Account No. 182.3220 was an over-recovery adjustment of \$5,210. The  
19 Company had included these costs in the Environmental Costs Factor  
20 computations.

21 **Adjustment 1(D)** Based upon its examination of the compliance of the  
22 Company's economic purchases of power with S.C. Code Ann. §58-27-865,

1       ORS determined that the prices of certain purchases exceeded the "utility's  
2       avoided variable costs for the generation of an equivalent quantity of electric  
3       power." Accordingly, the costs of these Purchased Power transactions,  
4       (\$128,811) on a total system basis, are excluded from the calculation of the  
5       Deferred Fuel Account balance. The effect of the system avoided costs  
6       reduction adjustments of (\$128,811), on a S.C. retail jurisdictional basis,  
7       resulted in an over-recovery adjustment of \$24,621 to the Deferred Fuel  
8       Account's cumulative balance. This \$24,621 adjustment is reflected at  
9       February 2008 in ORS Settlement Audit Exhibit SGS-6. The details of the  
10      avoided costs adjustments and its effect on the monthly S.C. Deferred Fuel  
11      Entries are provided in ORS Settlement Audit Exhibit SGS-7, pages 1-3.  
12      For Settlement Audit Exhibit SGS-8 – Details of Environmental Costs, ORS  
13      made the following adjustment:  
14      **Adjustment 1(E)** ORS made an adjustment to remove \$5,965 from the  
15      Environmental Costs for 2 days in May 2007 in accordance with the revisions  
16      to the FAC, which became effective May 3, 2007. ORS verified the Net  
17      Environmental Costs for May of \$717,451 times 2/31 or 6.45% for a 2-day  
18      total system amount of \$46,276. The SC allocation factor was .1289 of total  
19      system costs. The effect of the adjustment on a S.C. retail jurisdictional basis,  
20      results in an over-recovery adjustment of \$5,965 to the Deferred Fuel  
21      Account's cumulative balance for environmental costs.

1 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS OR TRUE-UPS**  
2 **DURING THE ACTUAL REVIEW PERIOD FOR THE FUEL**  
3 **COMPONENT AND THE ENVIRONMENTAL COMPONENT?**

4 **A.** Yes. The Company made the following adjustments as shown on  
5 Settlement Audit Exhibit SGS-6:

6 **Adjustment 1(B)** The Company made an adjustment to remove ammonia &  
7 limestone expenses associated with fuel sales. Based on the revision to the  
8 FAC, which became effective May 3, 2007, the Company moved these costs  
9 from the fuel component, where they were included in error, to the  
10 environmental component. The adjustment amounted to an under-recovery of  
11 (\$11,429) to the deferred fuel account. ORS examined and recomputed the  
12 adjustment with no material exceptions noted.

13 **Adjustment 1(C)** The Company made an adjustment to remove the kWhs  
14 associated with line losses for wholesale customers. The adjustment correctly  
15 states the kWhs for wholesale customers for April, May, June, July, and  
16 August of 2007. Thereafter, the correct kWhs were used to compute the total  
17 system sales. The adjustment resulted in an under-recovery of (\$306,135) to  
18 the deferred fuel account. ORS examined and recomputed this adjustment,  
19 with no material exceptions noted.

20 The Company made the following adjustments as shown on Settlement Audit  
21 Exhibit SGS-8 - Details of Environmental Costs:

1       **Adjustment 1(F)** Since the Company's computer system was not yet updated  
2       to include NOx sales for May 2007 of \$66,896 and for June 2007 of \$53,327,  
3       on a total system basis, PEC made an adjustment to include these amounts. The  
4       adjustment resulted in an over-recovery to the cumulative balance of \$15,230.  
5       ORS examined and recomputed this adjustment with no material exceptions  
6       noted.

7       **Adjustment 1(G)** PEC made an adjustment to include the ammonia and  
8       limestone expenses that were removed from the fuel component and reclassified  
9       to the environmental component in accordance with the revision to the FAC.  
10      The adjustment resulted in an over-recovery to the cumulative balance of  
11      \$16,875. ORS examined and recomputed this adjustment with no material  
12      exceptions noted.

13 **Q. PLEASE EXPLAIN THE ADJUSTMENTS FOR THE MONTHLY**  
14 **CARRYING COST COLLECTED.**

15 **A.**       As of July 2006, pursuant to the Settlement Agreement approved in  
16      PSC Docket No. 2006-1-E, a monthly carrying cost of 6% (compounded  
17      annually) is applied to a declining under-recovery balance as of June 30, 2005  
18      of \$32,365,925. Per the Agreement, the increased revenue generated by the 0.3  
19      cents per kWh increase in the fuel factor from 2.2 to 2.5 cents per kWh for the  
20      last review period is used to reduce the actual PEC under-recovery balance, as  
21      of June 30, 2005, of \$32,365,925. The reduction was accomplished by  
22      multiplying PEC's actual S.C. kWh sales for that review period by 0.3 cents



1 per kWh. Then that resultant product is subtracted from the \$32,365,925  
2 “starting point” under-recovery balance. Each month the additional 0.3 cents  
3 per kWh revenue was used to reduce the under-recovery balances through June  
4 30, 2007. The 6% (compounded annually) interest rate was approved pursuant  
5 to the Settlement Agreement approved by the Commission in PSC Docket No.  
6 2005-1-E. Effective July 2007, the fuel factor changed from 2.5 to 2.651,  
7 therefore increasing the revenue generated from 0.3 cents per kWh to 0.451  
8 cents per kWh. This monthly carrying cost was collected as an under-recovery  
9 entry to the Deferred Fuel Account. The monthly carrying cost recovery was  
10 completed in November 2007, meeting the requirements of the settlement  
11 agreement approved in Docket No. 2005-1-E. ORS examined and recomputed  
12 the carrying charges for these entries, with no material exceptions noted.

13 **Q. ARE THERE ANY OTHER ISSUES THAT YOU WOULD LIKE TO**  
14 **ADDRESS?**

15 **A.** Yes. During the review of PEC’s fuel costs in Docket No. 2007-1-E, ORS  
16 identified a settlement between PEC and a coal supplier, executed in January  
17 2007. ORS did not have sufficient time to review the documentation regarding  
18 this settlement in the previous Docket, and the parties agreed to make the  
19 determination of what, if any, adjustments or true-ups were necessary in this  
20 fuel proceeding. ORS’s Audit Department reviewed the financial impact of the  
21 settlement and determined that no adjustments or true-ups to the fuel costs are  
22 needed.

1 **Q. WHAT IS THE RESULT OF THE ORS AUDIT DEPARTMENT'S**  
2 **EXAMINATION?**

3 **A.** Based on ORS Audit Staff's examination of the Company's books  
4 and records, and its operation of the fuel cost recovery mechanism, the parties  
5 agree that, subject to the adjustments 1(A) -1(G), the Company's books and  
6 records accurately reflect the fuel costs incurred by the Company in accordance  
7 with previous Commission orders and with S.C. Code Ann. §58-27-865 (Supp.  
8 2007).

9 **Q. DO YOU SUPPORT THE SETTLEMENT AGREEMENT EXECUTED**  
10 **BY THE PARTIES IN THIS HEARING?**

11 **A.** Yes, I do.

12 **Q. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY?**

13 **A.** Yes, it does.

14

Progress Energy Carolinas, Inc.  
Coal Cost Statistics  
April 2007 - February 2008  
Docket No. 2008-1-E

(1)	(2)	(3)	(4)	(5)	
SPOT					
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Cost/Tons Received</u>	<u>Total Received Cost</u>	<u>\$/MBTU</u>
	Tons	%	\$	\$	\$
Apr-07	0	0.00%	0	4,574 (*)	0.0000
May-07	0	0.00%	0	0	0.0000
Jun-07	0	0.00%	0	0	0.0000
Jul-07	4,845	0.48%	60.75	294,330	2.4467
Aug-07	18,697	1.70%	63.08	1,179,451	2.5064
Sep-07	20,950	2.07%	63.65	1,333,395	2.4562
Oct-07	35,015	3.11%	63.89	2,236,948	2.5260
Nov-07	23,862	2.70%	61.44	1,466,035	2.3960
Dec-07	10,484	1.04%	70.78	742,062	2.7908
Jan-08	138,775	15.17%	72.49	10,060,002	2.9194
Feb-08	294,922	29.82%	80.05	23,609,015	3.2475
Total	547,550			40,925,812	

(\*) Prior Month's Quality Price and Freeze Proofing Adjustments of \$4,574 posted in April 2007.

CONTRACT					
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Cost/Tons Received</u>	<u>Total Received Cost</u>	<u>\$/MBTU</u>
	Tons	%	\$	\$	\$
Apr-07	925,939	100.00%	73.62	68,168,638	2.9654
May-07	1,110,185	100.00%	72.15	80,103,930	2.8972
Jun-07	1,118,059	100.00%	65.29	72,996,418	2.6319
Jul-07	998,392	99.52%	73.51	73,393,470	2.9583
Aug-07	1,083,377	98.30%	73.31	79,421,863	2.9601
Sep-07	991,464	97.93%	73.39	72,759,640	2.9598
Oct-07	1,092,673	96.89%	75.33	82,315,878	3.0275
Nov-07	859,078	97.30%	77.15	66,281,655	3.1131
Dec-07	999,880	98.96%	68.62	68,613,899	2.7728
Jan-08	776,152	84.83%	76.57	59,427,586	3.1017
Feb-08	693,975	70.18%	70.59	48,986,576	2.8648
Total	<u>10,649,174</u>			<u>772,469,553</u>	

Progress Energy Carolinas, Inc.  
Coal Cost Statistics  
April 2007 - February 2008  
Docket No. 2008-1-E

	(1)	(2)	(3)	(4)	(5)
	COMBINED				
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Cost/Tons Received</u>	<u>Total Received Cost</u>	<u>\$/MBTU</u>
	Tons	%	\$	\$	\$
Apr-07	925,939	100.00%	73.62	68,173,212	2.9656
May-07	1,110,185	100.00%	72.15	80,103,930	2.8972
Jun-07	1,118,059	100.00%	65.29	72,996,418	2.6319
Jul-07	1,003,237	100.00%	73.45	73,687,800	2.9558
Aug-07	1,102,074	100.00%	73.14	80,601,314	2.9523
Sep-07	1,012,414	100.00%	73.18	74,093,035	2.9489
Oct-07	1,127,688	100.00%	74.98	84,552,826	3.0117
Nov-07	882,940	100.00%	76.73	67,747,690	3.0930
Dec-07	1,010,364	100.00%	68.64	69,355,961	2.7730
Jan-08	914,927	100.00%	75.95	69,487,588	3.0739
Feb-08	988,897	100.00%	73.41	72,595,591	2.9790
Total	<u>11,196,724</u>			<u>813,395,365</u>	

Total Received Cost = \$ 813,395,365 = \$ 72.65 (Weighted Average Cost of Coal)

Total Tons Received = 11,196,724

Progress Energy Carolinas, Inc.  
Received Coal - Cost Per Ton (Per Plant)  
April 2007 - February 2008  
Docket No. 2008-1-E

Plant	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asheville	72.25	73.60	75.01	72.15	67.79	71.01	70.88	79.89	71.07	74.19	78.80
Cape Fear	71.19	67.53	73.18	71.47	64.82	73.49	76.17	82.93	70.36	70.81	64.98
Lee	68.38	72.15	74.36	72.24	66.21	67.50	83.47	80.95	78.22	90.79	82.35
Mayo	77.52	76.85	76.40	79.07	79.50	64.32	80.17	82.17	84.98	75.33	75.38
Robinson	62.88	58.57	52.97	61.87	67.18	64.23	63.84	65.86	57.63	61.62	61.24
Roxboro 1-3	72.44	71.89	56.55	74.01	73.52	70.82	73.17	76.74	65.22	80.76	73.50
Roxboro 4	79.47	81.07	79.57	82.25	78.92	111.86**	85.14	64.15	66.71	76.40	78.36
Sutton	76.15	67.29	71.39	67.93	72.25	67.34	71.82	73.84	70.05	73.22	69.78
Weatherspoon	71.17	65.38	71.93	65.67	71.16	63.35	71.07	76.92	49.04	65.61	74.32
System Total	73.62	72.15	65.29	73.45	73.14	73.18	74.98	76.73	68.64	75.95	73.41

\*\* Includes received cost adjustments where tons were reduced for an Aerial Survey Adjustment without changing the total cost for the month. Amount would be \$80.17 per ton without this adjustment.

Progress Energy Carolinas, Inc.  
Received Coal - Cost Per Ton Comparison  
April 2007 - February 2008  
Docket No. 2008-1-E

Progress Energy Carolinas, Inc.

<u>Month</u>	<u>Invoice Cost</u> <u>Per Ton</u>	<u>Freight Cost</u> <u>Per Ton</u>	<u>Total Cost</u> <u>Per Ton</u>	<u>Cost</u> <u>Per MBTU</u>
	\$	\$	\$	\$
Apr-07	53.74	19.88	73.62	2.9656
May-07	53.98	18.17	72.15	2.8972
Jun-07	47.94	17.35	65.29	2.6319
Jul-07	53.83	19.62	73.45	2.9558
Aug-07	53.42	19.72	73.14	2.9523
Sep-07	52.93	20.25	73.18	2.9489
Oct-07	54.17	20.81	74.98	3.0117
Nov-07	55.96	20.77	76.73	3.0930
Dec-07	48.22	20.42	68.64	2.7730
Jan-08	53.87	22.08	75.95	3.0739
Feb-08	51.08	22.33	73.41	2.9790

Duke Energy Carolinas

<u>Month</u>	<u>Invoice Cost</u> <u>Per Ton</u>	<u>Freight Cost</u> <u>Per Ton</u>	<u>Total Cost</u> <u>Per Ton</u>	<u>Cost</u> <u>Per MBTU</u>
	\$	\$	\$	\$
Apr-07	43.49	19.61	63.10	2.5290
May-07	46.03	19.15	65.18	2.6093
Jun-07	45.92	19.91	65.83	2.6665
Jul-07	45.61	20.88	66.49	2.7274
Aug-07	45.76	22.99	68.75	2.8206
Sep-07	45.28	31.48	76.76	3.1713
Oct-07	44.55	19.19	63.74	2.6406
Nov-07	45.29	21.10	66.39	2.7574
Dec-07	41.35	24.60	65.95	2.7407
Jan-08	46.99	25.94	72.93	2.9813
Feb-08	46.02	22.44	68.46	2.7907

**Progress Energy Carolinas, Inc.  
Received Coal - Cost Per Ton Comparison  
April 2007 - February 2008  
Docket No. 2008-1-E**

**South Carolina Electric & Gas Company**

<b><u>Month</u></b>	<b><u>Invoice Cost Per Ton</u></b>	<b><u>Freight Cost Per Ton</u></b>	<b><u>Total Cost Per Ton</u></b>	<b><u>Cost Per MBTU</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Apr-07</b>	<b>48.58</b>	<b>12.90</b>	<b>61.48</b>	<b>2.4273</b>
<b>May-07</b>	<b>49.46</b>	<b>14.81</b>	<b>64.27</b>	<b>2.5168</b>
<b>Jun-07</b>	<b>51.21</b>	<b>12.37</b>	<b>63.58</b>	<b>2.5027</b>
<b>Jul-07</b>	<b>50.73</b>	<b>14.02</b>	<b>64.75</b>	<b>2.5673</b>
<b>Aug-07</b>	<b>51.36</b>	<b>12.24</b>	<b>63.60</b>	<b>2.5205</b>
<b>Sep-07</b>	<b>49.60</b>	<b>13.04</b>	<b>62.64</b>	<b>2.4803</b>
<b>Oct-07</b>	<b>48.41</b>	<b>13.63</b>	<b>62.04</b>	<b>2.4434</b>
<b>Nov-07</b>	<b>50.41</b>	<b>12.43</b>	<b>62.84</b>	<b>2.4834</b>
<b>Dec-07</b>	<b>51.09</b>	<b>13.37</b>	<b>64.46</b>	<b>2.5673</b>
<b>Jan-08</b>	<b>49.57</b>	<b>14.38</b>	<b>63.95</b>	<b>2.5329</b>
<b>Feb-08</b>	<b>50.13</b>	<b>19.01</b>	<b>69.14</b>	<b>2.7474</b>

**Progress Energy Carolinas, Inc.**  
**Coal Fuel Stocks**  
**April 2007 - February 2008**  
**Docket No. 2008-1-E**

<u>Month</u>	<u>Tons</u> <u>Beginning of Month</u>	<u>Tons Received</u> <u>During Month</u>	<u>Tons Consumed</u> <u>During Month</u>	<u>Balance</u> <u>End of Month</u>
Apr-07	2,406,232	925,939	962,912	2,369,259
May-07	2,369,259	1,110,185	998,537	2,480,907
Jun-07	2,480,907	1,118,059	1,078,483	2,520,483
Jul-07	2,520,483	1,003,237	1,188,011	2,335,709
Aug-07	2,335,709	1,102,074	1,337,131	2,100,652
Sep-07	2,100,652	1,012,414	1,118,261	1,994,805
Oct-07	1,994,805	1,127,688	1,055,250	2,067,243
Nov-07	2,067,243	882,940	966,679	1,983,504
Dec-07	1,983,504	1,010,364	1,091,573	1,902,295
Jan-08	1,902,295	914,927	1,182,123	1,635,099
Feb-08	1,635,099	988,897	994,433	1,629,563



Progress Energy Carolinas, Inc.  
Total Burned Cost (Fossil and Nuclear)  
April 2007 - February 2008  
Docket No. 2008-1-E

## Used for Base Fuel Factor:

Month	Coal	Oil	Natural Gas	SO <sub>2</sub> Emission Allowances	Nuclear Fuel	Total Burned Cost
	\$	\$	\$	\$	\$	\$
	%	%	%	%	%	%
Apr-07	70,421,353	1,636,592	24,932,367	Note	6,383,497	104,990,407
May-07	73,118,675	797,361	14,162,678	1,616,598	9,500,123	97,578,837
Jun-07	78,124,486	1,096,554	25,208,470	0.00%	10,314,743	114,744,253
Jul-07	83,000,802	636,785	29,570,830	0.00%	10,623,397	123,781,814
Aug-07	95,101,879	7,467,958	53,057,668	0.00%	10,607,740	166,235,245
Sep-07	80,608,056	3,499,659	28,647,316	0.00%	8,875,446	121,630,477
Oct-07	77,112,396	2,406,865	19,172,445	0.00%	8,185,444	106,977,150
Nov-07	70,235,044	655,801	4,915,324	0.00%	9,997,601	85,803,770
Dec-07	81,341,751	2,199,941	9,508,383	0.00%	10,300,544	103,350,619
Jan-08	84,640,584	4,156,302	21,686,353	0.00%	10,335,305	120,818,544
Feb-08	73,357,629	2,413,615	8,672,920	0.00%	9,652,186	94,096,359
TOTALS	867,162,655	26,967,433	239,484,754	1,616,598	104,776,026	1,240,007,466
	69.93%	2.18%	19.31%	0.13%	8.45%	

An adjustment was made to include SO<sub>2</sub> costs and sales for 2 days of May since the new legislation went into effect on May 3, 2007. The adjustment is 1(A) as shown on Settlement Audit Exhibit SGS-6.

## Used for Environmental Cost Factor:

Month	SO <sub>2</sub> & NO <sub>x</sub>	Ammonia/Urea	Limestone	Total Environmental Costs
	\$	\$	\$	\$
	%	%	%	%
May-07	301,440	695,264	43,118	1,039,822
Jun-07	1,595,358	665,229	318,219	2,578,806
Jul-07	1,888,558	951,609	166,057	3,006,224
Aug-07	2,000,366	1,012,257	237,775	3,250,398
Sep-07	1,730,953	719,312	197,571	2,647,836
Oct-07	1,399,536	808,575	222,385	2,430,496
Nov-07	877,523	301,162	264,241	1,437,926
Dec-07	1,304,410	705,982	315,060	2,325,452
Jan-08	1,783,254	807,762	398,895	2,989,901
Feb-08	1,588,787	735,765	367,100	2,691,652
TOTALS	14,465,185	7,402,917	2,530,411	24,398,513
	59.29%	30.34%	10.37%	

Progress Energy Carolinas, Inc.  
South Carolina Fuel Cost Computation  
April 2007 - June 2008  
Docket No. 2008-1-E

	ACTUAL							
	April 2007	May 2007	June 2007	July 2007	August 2007	September 2007	October 2007	November 2007
Fossil Fuel (\$)	96,990,312	88,078,714	104,429,510	113,158,417	155,627,505	112,755,031	98,791,706	75,806,169
Emission Allowance (\$)	1,616,598							
Nuclear Fuel (\$)	6,383,497	9,500,123	10,314,743	10,623,397	10,607,740	8,875,446	8,185,444	9,997,601
Purchased & Interchange Power (\$)	16,070,475	8,853,395	16,783,907	19,961,559	28,298,188	14,724,772	15,730,338	6,257,534
Sub-Total (\$)	121,060,882	106,432,232	131,528,160	143,743,373	194,533,433	136,355,249	122,707,488	92,061,304
Less: Intersystem Sales (\$)	5,357,514	8,271,632	9,848,180	13,032,039	18,073,422	13,049,125	11,616,160	16,796,450
Total Fuel Costs (\$)	115,703,368	98,160,600	121,679,980	130,711,334	176,460,011	123,306,124	111,091,328	75,264,854
Total System KWH Sales								
Excluding Intersystem Sales (000's)	3,983,722	4,043,265	4,583,820	5,087,064	5,336,047	5,117,026	4,459,769	4,110,781
\$/KWH Sales	0.02904	0.02428	0.02655	0.02569	0.03307	0.02410	0.02491	0.01831
Less: Base Sales (\$/KWH)	0.02500	0.02500	0.02500	0.02651	0.02651	0.02651	0.02651	0.02651
Fuel Adjustment (\$/KWH)	(0.00404)	0.00072	(0.00155)	0.00082	(0.00656)	0.00241	0.00160	0.00820
S.C. KWH Sales	505,805,309	520,976,074	567,855,940	621,888,449	651,026,022	634,995,809	562,477,417	512,741,056
Deferred Fuel Entry (\$)	(2,043,453)	375,103	(880,177)	509,949	(4,270,731)	1,530,340	899,964	4,204,477
Cumulative Over/(Under)								
Recovery - March 2007 (\$)	(22,834,137)							
Accounting Adjustments (\$)	Note (1)	5,210	1(A)			(11,429)	1(B)	
						(306,135)	1(C)	
Monthly Carrying Cost Collected (\$)	Note (1)	(76,782)	(71,493)	(61,132)	(51,683)	(37,056)	(21,559)	(8,517)
Cumulative Over/(Under) Recovery (\$)		(24,954,372)	(24,645,552)	(25,586,861)	(25,128,595)	(29,436,382)	(28,245,165)	(27,353,718)
								(23,149,448)

Progress Energy Carolinas, Inc.  
South Carolina Fuel Cost Computation  
April 2007 - June 2008  
Docket No. 2008-1-E

	ACTUAL			ESTIMATED			
	December 2007	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008
Fossil Fuel (\$)	93,050,075	110,483,239	84,444,164	87,600,467	96,902,705	99,826,049	126,492,341
Nuclear Fuel (\$)	10,300,544	10,335,305	9,652,186	8,694,181	8,124,595	10,684,123	10,312,064
Purchased & Interchange Power (\$)	8,236,824	13,501,975	7,940,023	5,420,879	6,336,614	8,080,992	14,655,052
Sub-Total (\$)	111,587,443	134,320,519	102,036,373	101,715,527	111,363,914	118,591,164	151,459,457
Less: Intersystem Sales (\$)	18,899,347	12,732,365	16,744,970	11,378,918	17,086,629	15,158,823	10,849,026
Total Fuel Costs (\$)	92,688,096	121,588,154	85,291,403	90,336,609	94,277,285	103,432,341	140,610,431
Total System KWH Sales							
Excluding Intersystem Sales (000's)	4,326,242	4,814,371	4,798,638	4,032,680	4,175,654	4,247,599	4,756,662
\$/KWH	0.02142	0.02526	0.01777	0.02240	0.02258	0.02435	0.02956
Less: Base Sales (\$/KWH)	0.02651	0.02651	0.02651	0.02651	0.02651	0.02651	0.02651
Fuel Adjustment (\$/KWH)	0.00509	0.00125	0.00874	0.00411	0.00393	0.00216	(0.00305)
S.C. KWH Sales	513,703,214	592,113,342	608,422,958	487,861,612	516,752,321	527,648,657	598,332,062
Deferred Fuel Entry (\$)	2,614,749	740,142	5,317,617	2,005,111	2,030,837	1,139,721	(1,824,913)
November 2007 - (p. 1 of 2) (\$)	(23,149,448)						
Accounting Adjustments (\$)			24,621	1(D)			
Monthly Carrying Cost Collected (\$)	0	0	0	0	0	0	0
Cumulative Over/(Under) Recovery (\$)	(20,534,699)	(19,794,557)	(14,452,319)	(12,447,208)	(10,416,371)	(9,276,650)	(11,101,563)

Note (1) - Explanation of Accounting Adjustments and Monthly Carrying Cost collected are included in the settlement testimony of Sharon G. Scott.

**Progress Energy Carolinas, Inc.**  
**Effect of Avoided Costs Adjustments on the S.C. Deferred Fuel Entries**  
**April 2007 - February 2008 (Actual Period)**  
**Docket No. 2008-1-E**

	<u>ORS Deferred Fuel Entry</u> <u>(Recalculated)</u>	<u>Over/(Under)-Recovery</u>	<u>PEC Deferred Fuel Entry</u> <u>(Per Books)</u>	<u>Difference</u>
	\$		\$	\$
Apr-07	(2,043,453)	(Under)-Recovery	(2,043,453)	0
May-07	375,103	Over-Recovery	375,103	0
Jun-07	(874,498)	(Under)-Recovery	(880,177)	5,679
Jul-07	509,949	Over-Recovery	509,949	0
Aug-07	(4,257,710)	(Under)-Recovery	(4,270,731)	13,021
Sep-07	1,530,340	Over-Recovery	1,530,340	0
Oct-07	899,964	Over-Recovery	899,964	0
Nov-07	4,204,477	Over-Recovery	4,204,477	0
Dec-07	2,614,749	Over-Recovery	2,614,749	0
Jan-08	746,063	Over-Recovery	740,142	5,921
Feb-08	5,317,617	Over-Recovery	5,317,617	0
Total Avoided Cost Adjust. for April 2007 thru Feb. 2008 - Over-Recovery Amt.				\$ <u><u>24,621</u></u>

Progress Energy Carolinas, Inc.  
Avoided Cost Adjustment  
April 2007 - February 2008  
Docket No. 2008-1-E

<u>Month</u>	<u>Company's Purchased Power</u>	<u>ORS's Avoided Cost Adjustment</u>	<u>ORS's Revised Purchased Power</u>
Apr-07	\$ 16,070,475	\$ 0	\$ 16,070,475
May-07	8,853,395	0	8,853,395
Jun-07	16,783,907	(3,420)	16,780,487
Jul-07	19,961,559	(15,597)	19,945,962
Aug-07	28,298,188	(90,373)	28,207,815
Sep-07	14,724,772	(1,353)	14,723,419
Oct-07	15,730,338	(11,749)	15,718,589
Nov-07	6,257,534	(2,786)	6,254,748
Dec-07	8,236,824	(2,055)	8,234,769
Jan-08	13,501,975	(1,478)	13,500,497
Feb-08	7,940,023	0	7,940,023
Total	\$ <u>156,358,990</u>	\$ <u>(128,811)</u>	\$ <u>156,230,179</u>

Progress Energy Carolinas, Inc.  
Avoided Cost Adjustment  
April 2007 - February 2008  
Docket No. 2008-1-E

<u>Month</u>	<u>Company</u>	<u>Avoided Cost</u>	<u>Average Energy Cost</u>	<u>Adjustment</u>
Apr-07	No Adjustment	\$ 0	\$ 0	\$ 0
May-07	No Adjustment	0	0	0
Jun-07	Company A	33,385	36,805	(3,420)
Jul-07	Company B	94,100	105,343	(11,243)
	Company C	3,217	4,800	(1,583)
	Company D	121,410	124,181	(2,771)
		<u>218,727</u>	<u>234,324</u>	<u>(15,597)</u>
Aug-07	Company E	64,584	84,300	(19,716)
	Company F	3,344	5,250	(1,906)
	Company G	134,299	199,034	(64,735)
	Company A	15,984	20,000	(4,016)
		<u>218,211</u>	<u>308,584</u>	<u>(90,373)</u>
Sep-07	Company F	104,016	105,369	(1,353)
Oct-07	Company H	18,584	24,000	(5,416)
	Company F	39,512	43,628	(4,116)
	Company D	22,288	24,505	(2,217)
		<u>80,384</u>	<u>92,133</u>	<u>(11,749)</u>
Nov-07	Company B	2,585	4,350	(1,765)
	Company I	3,479	4,500	(1,021)
		<u>6,064</u>	<u>8,850</u>	<u>(2,786)</u>
Dec-07	Company G	1,907	3,962	(2,055)
Jan-08	Company G	2,964	4,442	(1,478)
Feb-08	No Adjustment	<u>0</u>	<u>0</u>	<u>0</u>
Total Avoided Cost Adjustment		\$ <u>665,658</u>	\$ <u>794,469</u>	\$ <u>(128,811)</u>

Progress Energy Carolinas, Inc.  
Details of Environmental Costs  
May 2007 - June 2008  
Docket No. 2008-1-E

	May-07	Actual										
		Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08		
<b>Environmental Costs Incurred</b>												
Emission Allowances (\$)	301,440	1,595,158	1,888,558	2,000,366	1,730,953	1,390,536	872,523	1,304,410	1,783,254	1,588,787		
Ammonia/Urea (\$)	695,264	665,229	951,609	1,012,257	719,312	808,575	301,162	705,982	807,762	735,765		
Limestone (\$)	43,118	318,219	166,057	237,775	197,571	222,385	264,241	315,060	398,885	367,100		
Sub-Total (\$)	1,039,822	2,578,606	3,006,224	3,250,398	2,647,836	2,430,486	1,437,926	2,325,452	2,989,901	2,691,652		
Less: Inter-Company Sales (\$)	322,371	262,232	304,995	438,513	206,480	501,107	1,406,697	1,477,219	618,847	905,863		
Net Environmental Cost (\$)	717,451	2,316,374	2,701,229	2,821,885	2,441,356	1,929,389	31,229	848,233	2,371,054	1,785,789		
S.C. Retail KWH Sales	520,976,074	567,855,940	621,888,449	651,026,022	634,995,809	562,477,417	512,741,056	513,703,214	592,113,342	608,422,958		
Total System KWH Sales (000)	4,043,265	4,583,820	5,087,064	5,336,047	5,117,026	4,459,769	4,110,781	4,326,242	4,814,371	4,798,638		
S.C. Allocation Factor of Total Environmental Costs (%)	0.1289	0.1239	0.1222	0.1220	0.1241	0.1261	0.1247	0.1187	0.1230	0.1268		
S.C. Share of Total Environmental Costs (\$)	92,479	287,024	330,090	344,270	302,972	243,286	3,894	100,685	291,640	226,438		
Amount Billed to SC Customers (\$)	0	0	131,157	139,582	135,496	114,939	106,211	113,360	132,386	132,641		
Over (Under) Recovery (\$)	(92,479)	(287,024)	(198,933)	(204,688)	(167,476)	(128,357)	102,317	12,675	(159,254)	(93,797)		
Adjustments (\$)	5,965 1(E)	0	15,230 1(F)	0	16,875 1(G)	0	0	0	0	0		
Cumulative Over (Under) Recovery (\$)	(86,514)	(373,538)	(557,241)	(761,929)	(912,530)	(1,040,887)	(938,570)	(925,895)	(1,085,149)	(1,178,946)		

Progress Energy Carolinas, Inc.  
Details of Environmental Costs  
May 2007 - June 2008  
Docket No. 2008-1-E

	Estimated			
	Mar-08	Apr-08	May-08	Jun-08
<u>Environmental Costs Incurred</u>				
Emission Allowances (\$)	1,462,252	1,458,982	1,448,176	1,742,321
Ammonia/Urea (\$)	610,526	915,302	917,196	1,005,201
Limestone (\$)	370,342	486,029	524,561	624,179
Sub-Total (\$)	2,443,120	2,860,313	2,889,933	3,371,701
Less: Inter-Company Sales (\$)	352,950	555,920	580,464	204,714
Net Environmental Cost (\$)	2,090,170	2,304,393	2,309,469	3,166,987
S.C. Retail KWH Sales	487,861,612	516,752,321	527,648,657	598,332,062
Total System KWH Sales (000)	4,032,680	4,175,654	4,247,599	4,756,662
S.C. Allocation Factor of Total Environmental Costs (%)	0.1210	0.1238	0.1242	0.1258
S.C. Share of Total Environmental Costs (\$)	252,911	285,284	286,836	398,407
Amount Billed to SC Customers (\$)	103,528	107,936	114,105	134,130
Over (Under) Recovery (\$)	(149,383)	(177,348)	(172,731)	(264,277)
February 2008 - (p. 1 of 2)	(1,178,946)			
Adjustments (\$)	0	0	0	0
Cumulative Over (Under) Recovery (\$)	(1,328,329)	(1,505,677)	(1,678,408)	(1,942,685)